

Message Text

CONFIDENTIAL

PAGE 01 STATE 210377

62

ORIGIN EA-14

INFO OCT-01 EUR-25 NEA-14 ISO-00 IO-14 OMB-01 TRSE-00

CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00

PM-07 H-03 INR-11 L-03 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 DPW-01 AID-20 ABF-01 EB-11 /162 R

DRAFTED BY EA/VN:RHWENZEL:AOA

APPROVED BY EA:RHMILLER

EUR/EE-WSSHEPARD (DRAFT)

NEA/IRN-BBMORTON (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY SAIGON IMMEDIATE

AMEMBASSY BUDAPEST IMMEDIATE

AMEMBASSY WARSAW IMMEDIATE

AMEMBASSY JAKARTA IMMEDIATE

AMEMBASSY TEHRAN IMMEDIATE

C O N F I D E N T I A L STATE 210377

E.O. 11652:GDS

TAGS: MARR, VS, AFIN

SUBJECT: ICCS FINANCIAL CRISIS

1. FOR SAIGON:

(A) BY SEPTTEL TODAY WE ARE AUTHORIZING YOU TO MAKE EMERGENCY CONTRIBUTION OF APPROXIMATELY DOLS FOUR MILLION TO ICCS. THIS U.S. CONTRIBUTION PLUS GVN PAYMENT OF DOLS 2.8 MILLION ON SEPTEMBER 23 SHOULD PROVIDE SUFFICIENT FUNDS FOR ICCS TO SETTLE CONTRACTOR DEBTS AND REMAIN OPERATIONAL AT LEAST FOR THE IMMEDIATE FUTURE. WE WILL PROVIDE GUIDANCE ON LONGER RANGE ASPECTS OF FUNDING AS SOON AS POSSIBLE.

(B) AS IN THE PAST, YOU ARE BEING INSTRUCTED TO MAKE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 210377

CONTRIBUTION DIRECTLY TO THE COMMISSION, WITH U.S. FUNDS

LIMITED TO THE PAYMENT OF ESSENTIAL CONTRACTOR SERVICES AND LOCAL SALARIES. WE RECOGNIZE THE DIFFICULTIES WHICH ARE POSED BY THIS RESTRICTION AND WE LEAVE TO YOUR JUDGMENT WHETHER TO CONVEY LIMITATION ORALLY OR IN WRITING. WHATEVER THE CASE, OUR INTENT SHOULD BE MADE VERY CLEAR TO ICCS. WE ALSO LEAVE TO YOUR JUDGMENT WHETHER TO PAY FULL AMOUNT OR PERHAPS SPLIT INTO TWO TRANCHES IN ORDER TO SERVE OUR OBJECTIVES.

(C) YOU SHOULD IMMEDIATELY INFORM TWO PRINCIPAL CONTRACTORS OF U.S. CONTRIBUTION AND EXPRESS OUR HOPE AND

EXPECTATION THAT THEY WILL NOW BE ABLE TO CONTINUE SERVICES WITHOUT INTERRUPTION OR RESUME THEM IF THEY HAVE BEEN SUSPENDED. WE ARE MAKING SAME POINTS TO HOME OFFICES HERE.

(D) YOU SHOULD ALSO CONSULT WITH SENIOR MEMBERS OF FOUR ICCS DELEGATIONS AND VOICE OUR CLEAR EXPECTATION THAT IN VIEW OF GVN AND U.S. PAYMENTS THERE WILL BE NO NEED TO TAKE SUCH STEPS AS WITHDRAWAL FROM FIELD SITES.

2. FOR BUDAPEST, WARSAW, JAKARTA AND TEHRAN:

REQUEST YOU CONVEY SUBSTANCE OF FOREGOING TO HOST GOVERNMENTS AT A SUITABLY HIGH LEVEL, EMPHASIZING OUR VIEW THAT GVN AND U.S. CONTRIBUTIONS HAVE NOW OBIATED THE NEED FOR WITHDRAWAL FROM FIELD SITES AND URGING THAT DELEGATIONS BE APPROPRIATELY INSTRUCTED TO KEEP PERSONNEL DEPLOYED IN FIELD. WE WOULD SUGGEST THAT REPRESENTATIONS IN BUDAPEST AND WARSAW BE PARTICULARLY FORCEFUL, INCLUDING THE POINT THAT WE WOULD VIEW MOST SERIOUSLY ANY GOH OR GOP TACTIC TO SEIZE ON FINANCIAL CRISIS (WHICH NOW ON THE WAY TO RESOLUTION) AS AN EXCUSE TO PULL BACK PERSONNEL.

3. FOR BUDAPEST: DEPT WILL PROVIDE COMMENT ASAP ON STATUS OF ICCS APPROPRIATION, REQUESTED IN BUDAPEST 2670. INGERSOLL

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